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MONTANA COAL BOARD
Department of Commerce

AUDIT OF COAL BOARD GRANTS

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OFFICE OF THE LEGISLATIVE AUDITOR

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MONTANA COAL BOARD
Department of Commerce

AUDIT OF COAL BOARD GRANTS

Conducted Under Contract By
Kindred, Holland & Co.

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
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LEGISLATIVE AUDITOR

October 12, 1982

The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith is the report on the audit of the Montana Coal
Board subgrantees, for the year ended June 30, 1982.

The audit was conducted by Kindred, Holland and Company, CPA's
under a contract between the firm and our office. The comments and
recommendations contained in this report represent the views of the
firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Robert R. Ringwood".

Robert R. Ringwood
Legislative Auditor

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APPOINTIVE AND ADMINISTRATIVE OFFICIALS
MONTANA COAL BOARD

		<u>Term Expires</u>
Hershell Robbins, Chairman	Roundup	1985
Nell Kubesh	Glendive	1985
Darcy Galasso	Butte	1985
Jack Stevens	Great Falls	1985
Henry Siderius	Kalispell	1983
Paul Palm	Hardin	1983
Dale Tash	Dillon	1983

ADMINISTRATIVE OFFICIAL

Murdo Campbell

Administrative Officer

SUMMARY OF RECOMMENDATIONS

This listing serves to summarize the recommendations contained in the report and the Montana Coal Board's reply and also as a ready reference to the supporting comments. The full replies of the Montana Coal Board and grant recipients are included in the back of this report.

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The Coal Board ensure that all of the potential beneficiaries of a project funded by the Coal Board grant funds be aware of the benefits available to them.	4
<u>Agency Reply:</u> Concur. See page 126.	
The Coal Board require that major variations between actual project costs and budgets included in the grant applications be disclosed and explained by the grantee, and that careful thought be given to the propriety of reimbursing costs not included in the budget.	5
<u>Agency Reply:</u> Concur. See page 126.	
The Coal Board enforce its reporting requirements as provided by the grant agreements, and that the board adopt a standard report format which would include financial data and budget comparisons as well as narrative descriptions of the grantees' progress.	5
<u>Agency Reply:</u> Concur. See page 126.	
The Coal Board require recipients to disclose unexpended grant funds with each progress and final report submitted to the board.	6
<u>Agency Reply:</u> Concur. See page 126.	
The Coal Board disburse grant funds only upon receiving and approving actual invoices, receipts or certified contractors' progress reports.	6
<u>Agency Reply:</u> Concur. See page 126.	
The Coal Board add a provision to their standard grant agreement requiring the grant recipient to account for Coal Board funds separately.	7
<u>Agency Reply:</u> Concur. See page 127.	
The Coal Board implement procedures to obtain assurance that values placed on contributed property and services are fair and accurate at the time the application is	9

SUMMARY OF RECOMMENDATIONS (Continued)

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reviewed and upon completion of the project.	
<u>Agency Reply:</u> Concur. See Page 127.	
The Coal Board should obtain an opinion from the Attorney General as to a grantee's obligations to the Board and establish policies for the benefit of the staff and the grantees in the event that an asset acquired with Coal Board funds is to be sold.	11
<u>Agency Reply:</u> Concur. See Page 127.	
The Coal Board should request repayment of the unspent grant balance.	13
<u>Agency Reply:</u> Concur. See Page 127.	
The Coal Board request the Ashland Water & Sewer District to provide information regarding its reserve, including balance and the method of investment, on a periodic basis.	15
<u>Agency Reply:</u> Concur. See Page 127.	
The Coal Board should adopt and enforce a policy of not prefunding projects by more than a reasonable time period.	18
<u>Agency Reply:</u> Concur. See Page 128.	
The Coal Board enforce the requirement that applicants submit copies of bids, or at least a summary of the bids received.	21
<u>Agency Reply:</u> Concur. See Page 128.	

INTRODUCTION

We performed a financial/compliance audit of the Montana Coal Board for the Coal Board grants and grant periods as listed in the table of contents.

The objectives of the audit were to: (1) determine if the grants' financial statements present fairly their financial position and results of operations for the various grant periods; (2) determine if the Board and the grantees complied with applicable laws and regulations in administering the grants; and (3) make recommendations for improvement in the controls over and administration of the Coal Board grants.

BACKGROUND

The Montana Coal Board was established by the 1975 Legislature to award grants to local governmental units and state agencies "...in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development." (Sect. 90-6-205, MCA)

The Coal Board is composed of seven members, two of whom are residents of coal impacted areas, two with expertise in education, and three from such fields as business, engineering, public administration, and planning.

Coal Board grants are funded by seven-fifteenths of the Coal Severance Tax revenue paid into the local impact and education trust fund. There are thirty-three grants covered by this report, totalling \$ 4,829,429.

The administrative staff of the Coal Board, which is assigned to the Department of Commerce for administrative purposes, is composed of the administrative officer and the administrative secretary.

COMMENTS AND RECOMMENDATIONS

We have examined the financial statements of the Montana Coal Board, Department of Commerce for the Coal Board grants and grant periods as listed in the table of contents, and have issued our report thereon dated September 20, 1982. As part of our examination we made a study and evaluation of the Board's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on each grant's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Coal Board is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the Board are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the Board with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Board's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The attached report includes a description of the systems tested and the scope of our review. The internal control review of the Coal Board was limited to tests of controls over grant awards, grant disbursements, compliance with Board policies and grant requirements, and grantee receipts and disbursements. We did not review or test accounting controls of the Department of Commerce, grantee accounting controls beyond those related to the receipt and disbursement of Coal Board grant funds, or Coal Board compliance with applicable laws and regulations in awarding grants. However, nothing came to our attention that caused us to believe that controls not tested were not in compliance with applicable laws and regulations.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Montana Coal Board taken as a whole.

However, our study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of each of the grants may occur and not be detected within a timely period.

CITY OF GLENDIVE

Grant No. 114 STREET PAVING

Our study and evaluation disclosed no condition that we believed to be a material weakness.

MILES CITY

Grant No. 91 LIBRARY EQUIPMENT

While this grant was received and accounted for by the Miles City Public Library, it was originally awarded to the State Library, but to benefit the libraries of southeastern Montana. The Miles City Public Library was assigned the responsibility as fiscal agent by the State Library, with the approval of Coal Board staff.

The grant was awarded for the purchase of microfiche equipment, and to provide funds for membership in the Washington Library Network. The Parmly Billings Library was the only library that became a member of the Washington Library Network, and appears to have received the majority of the benefits of the grant.

The staff of the Miles City Public Library was unaware that the benefits of the membership in the Washington Library Network were available to them through the Billings Parmly Library.

RECOMMENDATION #1

We recommend that the Coal Board ensure that all of the potential beneficiaries of a project funded by Coal Board grant funds be aware of the benefits available to them.

CUSTER COUNTY WATER & SEWER DISTRICT

Grant No. 74 WATER LINE

This grant was awarded to fund construction of a water main line to serve an expanding area east of Miles City. Coal Board staff and Custer County Water & Sewer District officials determined that the water main comprised 22.62% of a total water distribution and sewer system.

Grant funds were disbursed for, and used to reimburse the district for interest expense incurred on a loan from the Farmers Home Administration. The loan was used to fund the balance of the cost of the water and sewer project. The applications for a Coal Board grant did not include interest expense in their budget, and it would seem that interest expense is an operating expense rather than a construction cost.

In addition, there are Coal Board funds which have not been disbursed due to a dispute between the contractor and a supplier. The district has retained the funds in the event that the supplier might file a lien on the project. Once the dispute has been resolved, the funds will be disbursed.

The Coal Board, however, has not been notified that funds remain unexpended and, as a result, cannot monitor the full disbursement of the funds for the intended purpose.

The district did not submit the reports required by the grant agreement.

RECOMMENDATION #2

We recommend that the Coal Board require that major variations between actual project costs and budgets included in the grant applications be disclosed and explained by the grantee, and that careful thought be given to the propriety of reimbursing costs not included in the budget.

RECOMMENDATION #3

We recommend that the Coal Board enforce its reporting requirements as provided by the grant agreements, and that the board adopt a standard report format which would include financial data and budget comparisons as well as narrative descriptions of the grantees' progress.

RECOMMENDATION #4

We recommend that the Coal Board require recipients to disclose unexpended grant funds with each progress and final report submitted to the board.

TOWN OF HYSHAM

Grant No. 72 CAPITAL EQUIPMENT

Our study and evaluation disclosed no condition that we believed to be a material weakness.

Grant No. 99 WATER SYSTEM

In this grant, as in a few others, the requests for payment submitted to the Coal Board did not include the actual invoices that had been received by the grantee for payment. Often, the documents submitted to the Coal Board were the engineer's cost estimates; or were the engineer's cover letters transmitting their invoice, the contractor's certified progress report and billing, and miscellaneous invoices. The actual invoices paid were not forwarded to the Coal Board.

In the case of this grant, the amount disbursed by the Coal Board agreed to the actual invoices paid by the town of Hysam in total.

RECOMMENDATION #5

We recommend that the Coal Board disburse grant funds only upon receiving and approving actual invoices, receipts or certified contractors' progress reports.

TREASURE COUNTY

Grant No. 79 COMPREHENSIVE PLAN

Treasure County did not maintain a separate fund for accounting for Coal Board grant revenue and expense. Instead grant funds were recorded in the county planning fund, and commingled with other county planning resources.

This practice is common among many grant recipients, but can and has resulted in problems. When grant funds are commingled with other funds, it can be difficult for local government officials to determine whether:

- the grant funds are being used for the specific project as approved by the Coal Board, and
- the grant funds were expended in full on the project, and no excess remains in the fund, and
- accounting for the grant, the project and the fund is proper.

Although the standard grant agreement does not require the funds to be accounted for separately, it does require the grantee to account for the funds in such a manner that transactions and the supporting documentation can be readily located and identified. Segregation in the grantee's accounting records accomplishes this simply and easily.

RECOMMENDATION #6

We recommend that the Coal Board add a provision to their standard grant agreement requiring the grant recipient to account for Coal Board funds separately.

Grant No. 87 COUNTY SHOP COMPLEX

This grant was awarded to fund a portion of the construction cost of a county shop complex.

The grant application stated that Treasure County would contribute \$ 23,400 in services; demolition of the existing shop, valued at \$ 10,000; and land valued at \$ 6,000. This amounted to a contribution of \$ 39,400 out of a budgeted total cost of \$ 365,950, or 10.8%.

Treasure County was subsequently awarded an additional \$ 86,683 as a result of higher than expected construction bids.

A recap of expenditures submitted by Treasure County upon completion of the project indicated that the County's contribution to the project was ... "cost of land" ... \$ 31,437.52, plus other costs totalling \$ 16,767.98. This amounts to a contribution of \$ 48,205.50, out of a total project cost of \$ 438,038.50, or 11%.

While we are not implying that Treasure County contributed less than their fair-share, the Coal Board has no method of assuring that the values provided in such a case are accurate. An independent audit, conducted three and one-half years later, cannot be relied upon to verify the values of contributions unless substantiation is obtained by the Coal Board at the time the application is being reviewed and upon completion of the project.

Substantiation could be in the form of independent appraisals, confirmation by engineers, or by some evaluation conducted by the staff of the Coal Board.

Local contribution is an important criteria in determining eligibility for grants and, accordingly, accurate values are essential to the Coal Board's decision-making process.

In addition, the progress and completion reports required by the grant agreement were not submitted to the Coal Board. (See Recommendation #3, page 5)

RECOMMENDATION #7

We recommend that the Coal Board implement procedures to obtain assurance that values placed on contributed property and services are fair and accurate at the time the application is reviewed and upon completion of the project.

Grant No. 137 - CAPITAL EQUIPMENT

Our study and evaluation disclosed no condition that we believed to be a material weakness.

CITY OF FORSYTH

Grant No. 81 - DUMP TRUCK

Coal Board grant funds were recorded in the city's street fund, and were commingled with other street fund resources.

(See comments for Grant No. 79, page 7)

(See Recommendation No. 6. page 7)

Grant No. 126 FORSYTH CITY HALL

The city of Forsyth accounted for grant receipts and construction costs in the general and revenue sharing funds, rather than a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation No. 6, page 7)

The City of Forsyth did not submit the progress and completion reports required by the grant agreement.

(See Recommendation No. 3, page 5)

ROSEBUD COUNTY

Grant No. 123 GRAVEL CRUSHING EQUIPMENT

This grant was awarded to fund the purchase of a gravel crusher to be used by Rosebud County in building and maintaining county roads. It was anticipated that the purchase would enable the county to save a substantial amount of money compared to purchasing gravel.

After approximately one year, Rosebud County determined that it was not saving money, since its operating costs exceeded the price of gravel available from private vendors. Therefore, the county sold the gravel crusher. Prior to the sale, however, the county requested the Coal Board's approval of the sale.

The Coal Board considered the issue with respect to the county's obligations under the grant, and determined that it should not make the decision, since the county was the legal owner of the crusher.

The Coal Board should have obtained legal counsel or an Attorney General's opinion to answer the questions that are raised by this matter. In addition, policies should be developed to guide grantees and Coal Board staff in the event that similar instances should arise in the future. The county may be under an obligation to the Coal Board, after a grant is completed, to:

- keep the asset acquired with Coal Board funds for some reasonable length of time; or
- return the funds received upon the sale of the asset, or
- use the funds for only those purposes as specified in the original grant agreement. In the case of Rosebud County, the sale might have been conditioned on the county's use of the proceeds for road maintenance.

In addition, the county recorded the Coal Board grant revenue in the county road fund, and the disbursement as a capital improvement, rather than in a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

RECOMMENDATION #8

The Coal Board should obtain an opinion from the Attorney General as to a grantee's obligations to the Board and establish policies for the benefit of the staff and the grantees in the event that an asset acquired with Coal Board funds is to be sold.

Grant No. 128 - EMS RADIO EQUIPMENT

The County recorded the receipt of the grant funds in the poor fund, and recorded the disbursement as an addition to capital equipment, rather than using a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation No. 6, page 7)

ROSEBUD COUNTY (COLSTRIP)

Grant No. 80 - COLSTRIP COMMUNITY SERVICE CENTER

The grantee did not submit the progress and completion reports required by the grant agreement.

(See Recommendation No. 3, page 5)

Grant No. 111 - FIRE TRUCK

Our study and evaluation disclosed no condition that we believed to be a material weakness.

Grant No. 120 - MENTAL HEALTH SERVICES

This grant was awarded to fund salary and benefit expenses of the Eastern Montana Mental Health Center in locating a mental health professional in Colstrip. Since the Center had the ability to provide the service, as well as provide administrative support, Rosebud County contracted with the center to provide mental health services to Colstrip.

The county received funds from the Coal Board, and then passed them on to the center, based upon the center's requests for payment. Through September, 1980, the county received \$ 12,976.80 in advance payments from the Coal Board, to pay for salaries and benefits from September through February, 1981. In June, 1981, the county received the balance of the grant \$ 12,023.20, for payment of salaries and benefits for March through June, 1981.

The final billing from the Center was in the amount of \$ 4,485.69, dated July 30, 1981, and was a request for reimbursement for salaries and benefits for February, 1981, and for reimbursement of capital equipment purchases. All other Coal Board funds had been disbursed by the county to the center for salaries and benefits for September, 1980 through January, 1981, and for March through June, 1981.

The Rosebud County Commission concluded that capital equipment was not within the scope of the grant, and refused to reimburse the center. They also concluded that the center must not need the salary reimbursement, since they had waited from February until July to request the funds. Therefore, the entire bill for \$ 4,485.69 was refused by the county. Accordingly, the grant was underspent by that amount.

The county had recorded the Coal Board grant revenue and disbursements in the county general fund, rather than a separate Coal Board grant fund. Further, the fiscal year and the grant term ended before the disputed claim was received. Therefore, it was not known until recently that the grant had not been fully disbursed.

The County Commission has acknowledged its intent to reimburse the Coal Board.

This illustrates the need to require a separate accounting for Coal Board grant funds, as was discussed in the comments for Grant No. 79, page 7.

(See Recommendation No. 6, page 7)

RECOMMENDATION #9

The Coal Board should request repayment of the unspent grant balance.

Grant No. 132 - RSID # 74 - CONSTRUCTION
Grant No. 138 - RSID # 74 - TRANSMISSION WATER MAIN
Grant No. 139 - RSID # 74 - WATER STORAGE RESERVOIR

Our study and evaluation disclosed no condition that we believed to be a material weakness.

ROSEBUD COUNTY SCHOOL DISTRICT NO. 4

Grant No. 75 - ELEMENTARY SCHOOL EQUIPMENT
Grant No. 76 - HIGH SCHOOL EQUIPMENT

The grantee did not submit progress and completion reports as required by the grant agreement.

(See Recommendation #3, page 5)

Grant No. 86 - SCHOOL BUS

Our study and evaluation disclosed no condition that we believed to be a material weakness.

ASHLAND WATER & SEWER DISTRICT

Grant No. 85 - SEWER SYSTEM

This grant was awarded to fund the monthly payments to the Farmers Home Administration required under the terms of a loan to the district for the construction of a sewer system. The district had constructed the system in anticipation of rapid growth in population resulting from coal development in the area.

Coal development has been delayed, according to local officials, due to environmental disputes. The anticipated growth in population hasn't been realized. Therefore, the district hasn't been able to meet its financial commitment to the Farmers Home Administration.

The grant included funds specifically designated to cover the district's monthly payments of \$ 2,144.67 for three years. Funds were also designated to be held by district as a reserve for one year's payments.

The district's accounting records have reflected the Coal Board grant funds as revenue. There is no reserve, either in the form of a restricted asset or a restricted fund balance, reflected in the District's audited financial statements for June 30, 1982. There were however, sufficient liquid assets to provide such a reserve. The funds were invested in certificates of deposit at Cheyenne Western Bank, Ashland.

Should the district encounter financial difficulties again, it is probable that the Coal Board will be asked to provide further funding to cover these payments. Since a reserve has already been provided, the Coal Board should be aware, on a regular basis, of the status of the reserve. The district indicated its willingness to provide this information in its application.

RECOMMENDATION #10

We recommend that the Coal Board request the Ashland Water & Sewer District to provide information regarding its reserve, including balance and the method of investment, on a periodic basis.

Grant # 103 SEWER REPAIR

The district's accounting records were not in a condition to determine the transactions relative to this project. The district's audited financial statements for the year ended June 30, 1981 reflected the grant revenue offset by the same amount of expense. The balance of the expense was separately reflected in the statements.

The documents submitted to the Coal Board for reimbursement were, in cases, engineer's correspondence and summaries, and bore little relation to the actual invoices and project expenditures.

We were able to determine project costs through reconstructed records based on cancelled checks, and our reconstruction agreed to the audited financial statements. The total project cost exceeded the amount of Coal Board funds used on the project. The district paid for these excess costs.

(See comments for Grant No. 99, page 6)

(See Recommendation #5, page 6)

ROSEBUD COUNTY SCHOOL DISTRICT NO. 6 - LAME DEER

Grant No. 90 - COMPREHENSIVE PLAN

Our study and evaluation disclosed no condition that we believed to be a material weakness.

CITY OF HARDIN

Grant No. 78 - CAPITAL EQUIPMENT

Grant No. 89 - CAPITAL EQUIPMENT

The city did not record all Coal Board grant funds in a separate fund, but rather combined some into existing funds.

(See comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

BIG HORN COUNTY

Grant No. 69 COURTHOUSE CONSTRUCTION

The county recorded grant revenues and disbursements in the county law enforcement fund rather than a separate Coal Board grant fund.

(See Comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

Grant No. 83 FIRE EQUIPMENT

The county recorded the Coal Board grant revenues and disbursements in the county general fund rather than a separate Coal Board grant fund.

(See comments for grant No. 79, page 7)

(See Recommendation #6, page 7)

The county submitted the vendor's bid rather than an actual invoice to the Coal Board, and grant funds were disbursed on that basis. The grant was disbursed to the county in full on December 7, 1978.

The county purchased the fire truck chassis on September 4, 1979, and purchased the equipment and accessories to complete the fire truck between December 3, 1979 and April 7, 1980.

The total cost exceeded the \$ 75,000 grant by \$ 9,582.96. The grant funds, if used first, were not fully expended until February 4, 1980. This date is fourteen months after receipt of Coal Board funds, during which time investment earnings on the funds could have been substantial.

The vendor's bid, used by the Coal Board appeared very similar to a purchase receipt, which was required by the grant agreement.

The Coal Board should take care to pay only from actual invoices.

(See Recommendation #5, page 6)

RECOMMENDATION #11

The Coal Board should adopt and enforce a policy of not prefunding projects by more than a reasonable time period.

Grant No. 100 LAW ENFORCEMENT EQUIPMENT

The County recorded the Coal Board grant revenue and expenditures in the county general fund, rather than a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

The county submitted to the Coal Board, and the grant funds were disbursed on the basis of a vendor's bid, rather than an actual invoice. The grant was disbursed to the county in full on March 7, 1980.

The invoices actually paid by the county bore little resemblance to the bid, except that the vendor was the same. The total spent by the county on radio equipment described in the grant exceeded the amount paid the county by the Coal Board.

The county paid General Electric \$ 43,269 on October 6, 1980, six months after receiving the Coal Board funds in the amount of \$ 38,900.

(See Recommendation #5, page 6)

(See Recommendation #11, page 18)

Grant No. 136 NURSING HOME

The county recorded the Coal Board grant revenue in a nursing home fund and the expenditures in the county general fund, rather than in a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

The county has not submitted the progress reports required by the grant agreement.

(See Recommendation #3, page 5)

The county submitted to the Coal Board, and the grant funds were disbursed on the basis of engineer's estimates, rather than actual invoices. The grant was disbursed in two parts; the first on February 3, 1981 in the amount of \$ 38,250, and the second on April, 1981 in the amount of \$ 211,750.

As of February 3, 1981, the records indicate that the county had disbursed \$ 103,630.48. None of the invoices paid were similar to the amounts reimbursed by the Coal Board. As of April 30, 1981, the records reflect total expenditures of \$ 143,766.27. As of that date, the Coal Board had disbursed the entire grant of \$ 250,000.

As of June 30, 1981, total project expenditures were \$ 172,569.94, according to the county's accounting records. However, we can be assured that the county ultimately spent in excess of the grant award. Total project costs at July 6, 1982, were \$ 345,455.84. As in the case of other Big Horn County grants, the county had received a substantial amount of money well in advance of when the money was disbursed by the county.

(See Recommendation #5, page 6)

(See Recommendation #11, page 18)

CITY OF BILLINGS

Grant No. 93 - IMPACT STUDY

Our study and evaluation disclosed no condition that we believed to be a material weakness.

CITY OF LAUREL

Grant No. 94 - SEWER LINE CONSTRUCTION & EQUIPMENT

The city recorded Coal Board grant revenues and expenditures in the city sewer fund, rather than a separate Coal Board grant fund.

(See comments for Grant No. 79, page 7)

(See Recommendation #6, page 7)

CITY OF RED LODGE

Grant No. 115 - COMPREHENSIVE PLAN

Our study and evaluation disclosed no condition that we believed to be a material weakness.

SUMMARY - GENERAL CONDITIONS

The Coal Board grant program is generally administered very well by the Board, staff, and local government officials. The preceding comments and recommendations are only those matters which we believed to reflect significant problems, and which applied to specific grants.

In addition we noticed conditions that applied to the administration of the grants in general.

BIDS

The Coal Board has relied heavily on internal controls and statutory requirements at the local government level. Therefore, the Board hasn't strictly enforced the application requirement that bids be obtained and copies submitted with the grant application.

Due to the nature of local government recordkeeping practices, we experienced more difficulty in locating bids for specific projects than any other type of records. Often, there is no assurance that bids were obtained, although in most cases we determined that proper bidding procedures had been followed.

RECOMMENDATION #12

We recommend that the Coal Board enforce the requirement that applicants submit copies of bids, or at least a summary of the bids received.

REPORTS

The grant agreement, except in the case of capital equipment purchases, requires the grantee to submit progress and completion reports. We have noted that many of the grantees failed to submit reports. However, this requirement has not been enforced by the Coal Board in the past.

The Coal Board has recently added a staff person to monitor and evaluate grant-funded projects. We have been advised that appropriate reporting forms will be developed and the requirement enforced now that staff is available.

(See Recommendation #3, page 5)

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of each of the grants' financial statements, and this report does not affect our report on those financial statements dated September 20, 1982.

The preceding comments and recommendations are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

We would like to express our appreciation to the Coal Board staff and local government officials and employees for their cooperation and assistance during our audit.

ACCOUNTANT'S REPORT, FINANCIAL
STATEMENTS & FOOTNOTES



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0114 administered by the city of Glendive, for the period of April, 1980 through October, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0114 for the period April, 1980 through October, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF GLENDIVE - STREET PAVING
GRANT NO. 0114
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period April, 1980 to October, 1980

REVENUE

Montana Coal Board grant	\$ 38,516.00
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EXPENDITURES

Street paving contract	<u>38,516.00</u>
Excess Revenue Over Expenditures	<u><u>-0-</u></u>

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF GLENDIVE - STREET PAVING

GRANT NO. 0114

NOTES TO FINANCIAL STATEMENT

For the period April, 1980 to October, 1980

BACKGROUND

This grant was awarded to fund the cost of paving a section of North Anderson Avenue in Glendive. The original grant award was for \$40,000, but was amended to \$38,516, to reflect the actual cost of the project.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0091 administered by the city of Miles City for the period April, 1980 through September, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0091 for the period April, 1980 through September, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
MILES CITY - PUBLIC LIBRARY
GRANT NO. 0091
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period April, 1980 to September, 1981

REVENUE

Montana Coal Board grant	\$ 82,600.00
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EXPENDITURES

Equipment purchases, training and installation	\$ 31,066.71
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Washington Library Network	<u>51,533.29</u>
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82,600.00

Excess Revenue Over Expenditures

-0-

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

MILES CITY PUBLIC LIBRARY

GRANT NO. 0091

NOTES TO FINANCIAL STATEMENT

For the period April, 1980 to September, 1981

BACKGROUND

This grant was awarded to fund the cost of purchasing microfiche equipment for libraries in Southeastern Montana, and membership in the Washington Library Network for the Billing Parmly Library.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Balance Sheet of the Montana Coal Board, Grant No. 0074 administered by the Custer County Water and Sewer District as of August, 1982 and the Statement of Revenue and Expenditures for the period December, 1979 through August, 1982. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0074 for the period December, 1979 through August, 1982, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND AND COMPANY
Certified Public Accountants

MONTANA COAL BOARD
CUSTER COUNTY WATER AND SEWER DISTRICT
GRANT NO. 0074
SPECIAL REVENUE FUND
BALANCE SHEET
As of August, 1982

ASSETS

Cash	<u>\$ 4,730.50</u>
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LIABILITES AND FUND BALANCE

Payable to contractor	\$ 4,730.50
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Fund balance	<u>-0-</u>
	<u>\$ 4,730.50</u>

The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD
CUSTER COUNTY WATER AND SEWER DISTRICT
GRANT NO. 0074
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1979 to August, 1982

REVENUE

Montana Coal Board grant	\$ 358,000.00
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EXPENDITURES

Construction	\$ 305,657.59	
Engineering	8,595.60	
Legal	30,861.57	
Administrative-salary	4,546.62	
Interest expense	<u>12,728.95</u>	
	362,390.33	
Less district's contribution	<u>(4,390.33)</u>	
		<u>358,000.00</u>

Excess Revenue Over Expenditures

-0-

The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD

CUSTER COUNTY WATER & SEWER DISTRICT

GRANT NO. 0074

NOTES TO FINANCIAL STATEMENTS

For the period December, 1979 to October, 1980

BACKGROUND

This grant was awarded to fund the construction of a water main line to serve an expanding area east of Miles City. The line is located on Haynes Avenue, Miles City. The Coal Board funded 22.62 of the total water project.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The statements have been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.

2. ACCOUNT PAYABLE

The liability reflected on the balance sheet is an amount due to the contractor under the contract, but held as retainage until a dispute between the contractor and a supplier is resolved. The district has retained the funds to protect itself in the event that the supplier should file a lien on the improvements.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0072 administered by the town of Hysham for the period September, 1978 through January, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0072 for the period September, 1978 through January, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
TOWN OF HYSHAM - CAPITAL EQUIPMENT
GRANT NO. 0072
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period September, 1978 to January, 1979

REVENUE

Montana Coal Board grant	\$ 49,982.00
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EXPENDITURES

Equipment purchases	<u>49,982.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

TOWN OF HYSHAM - CAPITAL EQUIPMENT
GRANT NO. 0072

NOTES TO FINANCIAL STATEMENT

For the period September, 1978 to September, 1979

BACKGROUND

This grant was awarded to fund the purchase of a new fire truck for Hysham. The original grant award of \$50,000 was later amended to \$49,982 to reflect the actual price of the fire truck.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0099 administered by the town of Hysham for the period September, 1979 through January, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0099 for the period September, 1979 through January, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
TOWN OF HYSHAM - WATER SYSTEM
GRANT NO. 0099
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period September, 1979 to January, 1981

REVENUE

Montana Coal Board grant	\$ 101,900.00
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EXPENDITURES

Engineering	\$ 26,976.50	
Construction	73,930.00	
Equipment	<u>993.50</u>	
		<u>101,900.00</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD

TOWN OF HYSHAM - WATER SYSTEM

GRANT NO. 0099

NOTES TO FINANCIAL STATEMENT

For the period September, 1979 to January, 1981

BACKGROUND

This grant was awarded to fund a majority of the cost of construction of improvements to the town's water system. The balance of the cost, \$3,930, was funded by a grant from the Environmental Protection Agency.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0079 administered by Treasure County for the period September, 1978 through August, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0079 for the period September, 1978 through August, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
TREASURE COUNTY - COMPREHENSIVE PLAN
GRANT NO. 0079
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period September, 1978 to August, 1979

REVENUE

Montana Coal Board grant	\$ 17,000.00
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EXPENDITURES

Consultant fees	<u>17,000.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

TREASURE COUNTY - COMPREHENSIVE PLAN
GRANT NO. 0079

NOTES TO FINANCIAL STATEMENT

For the period September, 1978 to August, 1979

BACKGROUND

This grant was awarded to fund the cost of development of a comprehensive plan for Treasure County. The balance of the cost, \$2,500, was funded from other county resources.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0087 administered by Treasure County for the period April, 1979 through October, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0087 for the period April, 1979 through October, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
TREASURE COUNTY - SHOP COMPLEX
GRANT NO. 0087
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period April, 1979 to October, 1980

REVENUE

Montana Coal Board grant	\$ 389,833.00
--------------------------	---------------

EXPENDITURES

Architect fees	\$ 21,718.53	
Construction	<u>368,114.47</u>	
		<u>389,833.00</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statment.

MONTANA COAL BOARD

TREASURE COUNTY - SHOP COMPLEX

GRANT NO. 0087

NOTES TO FINANCIAL STATEMENT

For the period April, 1979 to October, 1980

BACKGROUND

This grant was awarded to fund a majority of the cost of construction of a new shop complex for Treasure County. The balance of the cost, \$ 48,205 was provided from other county resources. The shop was constructed at Clelland Street and Elliot Avenue, in Hysam.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0137 administered by Treasure County for the period November, 1980 through December, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0137 for the period November, 1980 through December, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
TREASURE COUNTY - CAPITAL EQUIPMENT
GRANT NO. 0137
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period November, 1980 to December, 1980

REVENUE

Montana Coal Board grant	\$ 35,000.00
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EXPENDITURES

Equipment purchases	<u>35,000.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD
TREASURE COUNTY - CAPITAL EQUIPMENT
GRANT NO. 0137
NOTES TO FINANCIAL STATEMENT
For the period November, 1980 to December, 1980

BACKGROUND

This grant was awarded to fund the purchase of tractors and equipment for use by Treasure County in road maintenance. A primary purpose of the grant was the purchase of equipment for mowing barrow ditches to reduce snow drifting in the winter.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0081 administered by the city of Forsyth for the period December, 1978 through June, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0081 for the period December, 1978 through June, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF FORSYTH - DUMP TRUCK
GRANT NO. 0081
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1978 to June, 1980

REVENUE

Montana Coal Board grant	\$ 26,278.00
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EXPENDITURES

Equipment purchases	<u>26,278.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF FORSYTH - DUMP TRUCK

GRANT NO. 0081

NOTES TO FINANCIAL STATEMENT

For the period December, 1978 to June, 1980

BACKGROUND

This grant was awarded to fund the purchase of a dump truck for the City of Forsyth to aid in street maintenance as well as for other needs. The original grant of \$ 27,000 was amended to \$ 26,278.00, the actual purchase price.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0126 administered by the city of Forsyth for the period June, 1980 through June, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0126 for the period June, 1980 through June, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF FORSYTH - CITY HALL
GRANT NO. 0126
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1980 to June, 1981

REVENUE

Montana Coal Board grant	\$ 225,000.00
--------------------------	---------------

EXPENDITURES

Construction	\$ 198,792.96	
Architect fees	22,859.95	
Surveying & testing	<u>3,347.29</u>	
		<u>225,000.00</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF FORSYTH - CITY HALL

GRANT NO. 0126

NOTES TO FINANCIAL STATEMENT

For the period June, 1980 to June 1981

BACKGROUND

This grant was awarded to fund a portion of the cost of construction of a new city hall for the City of Forsyth. The city provided an additional \$ 122,733.55 from other resources to pay for total construction costs of \$ 347,733.55.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0123 administered by Rosebud County for the period June, 1980 through October, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0123 for the period June, 1980 through October, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY - GRAVEL CRUSHING EQUIPMENT
GRANT NO. 0123
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1980 to October, 1980

REVENUE

Montana Coal Board grant	\$ 189,249.00
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EXPENDITURES

Equipment purchase	<u>189,249.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - GRAVEL CRUSHING EQUIPMENT

GRANT NO. 0123

NOTES TO FINANCIAL STATEMENT

For the period June, 1980 to October, 1980

BACKGROUND

This grant was awarded to fund the purchase of a gravel crusher to be used by Rosebud County for building and maintaining it's roads. The crusher purchased was portable so that it could be moved from one gravel pit to another.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0128 administered by Rosebud County for the period June, 1980 through November, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0128 for the period June, 1980 through November, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY - EMS RADIO EQUIPMENT
GRANT NO. 0128
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1980 to November, 1980

REVENUE

Montana Coal Board grant	\$ 2,180.00
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EXPENDITURES

Equipment purchases	<u>2,180.00</u>
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Excess Revenue Over Expenditures

-0-

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - EMS RADIO EQUIPMENT

GRANT NO. 0128

NOTES TO FINANCIAL STATEMENT

For the period June, 1980 to November, 1980

BACKGROUND

This grant was awarded to fund the purchase of radio equipment to be used by Rosebud County Emergency Services to communicate with a rural based Emergency Medical Technician, operating as a Quick Response Unit.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0080 administered by Rosebud County for the period October, 1978 through October, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0080 for the period October, 1978 through October, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY - COLSTRIP COMMUNITY SERVICES CENTER
GRANT NO. 0080
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period October, 1978 to October, 1979

REVENUE

Montana Coal Board grant	\$ 324,526.00
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EXPENDITURES

Construction	<u>324,526.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - COLSTRIP COMMUNITY SERVICES CENTER

GRANT NO. 0080

NOTES TO FINANCIAL STATEMENT

For the period October, 1978 to October, 1979

BACKGROUND

This grant was awarded to fund a portion of the cost of constructing a Community Services Center in Colstrip. The Center houses fire and law enforcement facilities as well as ambulance storage and training facilities. The balance of cost of the project was funded from other county resources, totalling \$ 118,299.35.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
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The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0111 administered by Rosebud County for the period December, 1979 through August, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0111 for the period December, 1979 through August, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY, COLSTRIP FIRE DISTRICT - FIRE TRUCK
GRANT NO. 0111
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1979 to August, 1980

REVENUE

Montana Coal Board grant	\$ 51,750.00
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EXPENDITURES

Equipment purchase	<u>51,750.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY, COLSTRIP FIRE DISTRICT - FIRE TRUCK

GRANT NO. 0111

NOTES TO FINANCIAL STATEMENT

For the period December, 1978 to August, 1980

BACKGROUND

This grant was awarded to fund the purchase of a fire truck to be located in Colstrip. The total cost of the truck, \$ 60,000, was funded by the Coal Board grant, \$ 51,750, and a donation from Montana Power Company of \$ 8,250.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Balance Sheet of the Montana Coal Board, Grant No. 0120 administered by Rosebud County as of August 24, 1982 and the Statement of Revenue and Expenditures for the period May, 1980 to August, 1982. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0120 for the period May, 1980 through August, 1982, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

ROSEBUD COUNTY - COLSTRIP MENTAL HEALTH SERVICES

GRANT NO. 0120

SPECIAL REVENUE FUND

BALANCE SHEET

As of August 24, 1982

ASSETS

Cash	<u>\$ 4,485.69</u>
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LIABILITIES AND FUND BALANCE

Due to the Montana Coal Board	\$ 4,485.69
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Fund balance	<u>-0-</u>
	<u>\$ 4,485.69</u>

The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD
ROSEBUD COUNTY - COLSTRIP MENTAL HEALTH SERVICE
GRANT NO. 0120
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period May, 1980 to August, 1982

REVENUE

Montana Coal Board grant	\$ 25,000.00
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EXPENDITURES

Salaries, travel and benefits	<u>20,514.31</u>
-------------------------------	------------------

Excess Revenue Over Expenditures	<u>\$ 4,485.69</u>
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The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - COLSTRIP MENTAL HEALTH SERVICES

GRANT NO. 0120

NOTES TO FINANCIAL STATEMENTS

For the period May, 1980 to August, 1982

BACKGROUND

This grant was awarded to fund the salary and benefits expenses of locating a mental health professional in Colstrip. The Eastern Montana Mental Health Center provided service under a contract with Rosebud County.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.

2. UNEXPENDED FUNDS

The Eastern Montana Mental Health Center submitted it's final billing to the county on July 30, 1981, requesting reimbursement for salary and benefits for February, 1981, and reimbursement for office equipment. The County Commission refused the claims, since office equipment was not within the scope of the grant or the subsequent contract, and since the request for salary and benefit reimbursement was submitted 5 months after the expense was incurred, after the end of the fiscal year, and after the expiration of the grant time.

As a result, \$ 4,485.69 remains unexpended and has been reflected on the balance sheet as a liability to the Montana Coal Board.



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September 20, 1982

The Legislative Audit Committee
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and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0132 administered by Rosebud County for the period June, 1980 through June, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0132 for the period June, 1980 through June, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

ROSEBUD COUNTY - RSID #74 - CONSTRUCTION
GRANT NO. 0132
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1980 to June, 1981

REVENUE

Montana Coal Board grant	\$ 622,298.50
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EXPENDITURES

Lift station purchase	\$ 41,694.51	
Water and sewer improve- ments, still water sub- division	<u>620,603.99</u>	<u>622,298.50</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - RSID #74 - CONSTRUCTION

GRANT NO. 0132

NOTES TO FINANCIAL STATEMENT

For the period June, 1980 to June, 1981

BACKGROUND

This grant was awarded to reimburse the county for a portion of the costs of construction of water and sewer improvements in the Stillwater Subdivision of Colstrip. The balance of the costs of the water and sewer system in Colstrip were paid by a Rural Special Improvement District and by the property owners.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0138 administered by Rosebud County for the period November, 1980 through June, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0138 for the period November, 1980 through June, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY - RSID #74 - TRANSMISSION WATER MAIN
GRANT NO. 0138
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period November, 1980 to June, 1981

REVENUE

Montana Coal Board grant	\$ 103,725.00
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EXPENDITURES

Construction and installation of 14 inch water main	<u>103,725.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - RSID #74 - TRANSMISSION WATER MAIN
GRANT NO. 0138

NOTES TO FINANCIAL STATEMENT
For the period November, 1980 to June, 1981

BACKGROUND

This grant was awarded to reimburse the county the costs of construction of a transmission water main in Colstrip. The balance of costs of the water and sewer project in Colstrip were paid by a Rural Special Improvement District and by the property owners.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0139 administered by Rosebud County for the period November, 1980 through June, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0139 for the period November, 1980 through June, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY - RSID #74 - STORAGE RESERVOIR
GRANT NO. 0139
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period November, 1980 to June, 1981

REVENUE

Montana Coal Board grant	\$ 312,925.00
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EXPENDITURES

2 million gallon storage reservoir-installed	<u>312,925.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY - RSID #74 - STORAGE RESERVOIR

GRANT NO. 0139

NOTES TO FINANCIAL STATEMENT

For the period November, 1980 to June, 1981

BACKGROUND

This grant was awarded to reimburse the county for the costs of purchase and installation of a 2,000,000 gallon water storage reservoir for Colstrip. The balance of costs of the water and sewer project in Colstrip were paid by a Rural Special Improvement District and by the property owners.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0075 administered by Rosebud County, School District #4 for the period May, 1978 through February, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0075 for the period May, 1978 through February, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

ROSEBUD COUNTY, SCHOOL DISTRICT #4 - ELEMENTARY SCHOOL EQUIPMENT

GRANT NO. 0075

SPECIAL REVENUE FUND

STATEMENT OF REVENUE AND EXPENDITURES

For the period May, 1978 to February, 1981

REVENUE

Montana Coal Board grant	\$ 193,082.18
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EXPENDITURES

Equipment purchases	<u>193,082.18</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY, SCHOOL DISTRICT #4 - ELEMENTARY SCHOOL EQUIPMENT
GRANT NO. 0075

NOTES TO FINANCIAL STATEMENT

For the period May, 1978 to February, 1981

BACKGROUND

This grant was awarded to fund the purchase of furniture and equipment for the new elementary school in Forsyth. This grant was administered in conjunction with Coal Board grant #76, for high school equipment and construction. The original grant of \$ 195,517.35 was later reduced to \$ 193,082.18 to reflect the actual purchase prices of the equipment.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0076 administered by Rosebud County, School District #4 for the period October, 1978 through December, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0076 for the period October, 1978 through December, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

ROSEBUD COUNTY, SCHOOL DISTRICT #4 - HIGH SCHOOL EQUIPMENT
GRANT NO. 0076

SPECIAL REVENUE FUND

STATEMENT OF REVENUE AND EXPENDITURES

For the period October, 1978 to December, 1980

REVENUE

Montana Coal Board grant	\$ 290,938.88
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EXPENDITURES

Construction and related equipment	<u>290,938.88</u>
------------------------------------	-------------------

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY SCHOOL DISTRICT #4 - HIGH SCHOOL EQUIPMENT
GRANT NO. 0076

NOTES TO FINANCIAL STATEMENT

For the period October, 1978 to December, 1980

BACKGROUND

This grant was awarded to fund the purchase of equipment for the new high school and construction of a new Vo - Ed addition in Forsyth. Grant #76 was administered in conjunction with Coal Board grant #75, Elementary School Equipment. The original grant award of \$ 213,110 was amended to \$ 291,590.22 on January 25, 1979, and later reduced to \$ 290,938.88 to reflect actual costs.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0086 administered by Rosebud County, School District #4 for the period April, 1979 through June, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0086 for the period April, 1979 through June, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ROSEBUD COUNTY, SCHOOL DISTRICT #4 - PUBLIC SCHOOL BUS
GRANT NO. 0086
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period April, 1979 to June, 1979

REVENUE

Montana Coal Board grant	\$ 35,000.00
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EXPENDITURES

Bus purchase	<u>35,000.00</u>
--------------	------------------

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ROSEBUD COUNTY, SCHOOL DISTRICT #4 - PUBLIC SCHOOL BUS
GRANT NO. 0086
NOTES TO FINANCIAL STATEMENT
For the period April, 1979 to June, 1979

BACKGROUND

This grant was awarded for the purchase of a 66 passenger school bus.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Balance Sheet of the Montana Coal Board Grant No. 0085 administered by the Ashland Water and Sewer District as of April, 1982 and the Statements of Revenue and Expenditures for the period December, 1978 to April, 1982. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0085 for the period December, 1978 to April, 1982, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ASHLAND WATER & SEWER DISTRICT - SEWER SYSTEM
GRANT NO. 0085
SPECIAL REVENUE FUND
BALANCE SHEET
As of April, 1982

ASSETS

Certificate of deposit	<u>\$ 25,736.00</u>
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LIABILITIES AND FUND BALANCE

Deferred revenue (note 2)	25,736.00
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Fund balance	<u>-0-</u>
	<u>\$ 25,736.00</u>

The accompanying notes to financial statements are an
integral part of this statement.

MONTANA COAL BOARD
ASHLAND WATER & SEWER DISTRICT - SEWER SYSTEM
GRANT NO. 0085
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1978 to April, 1982

REVENUE

Montana Coal Board grant	\$ 102,844.00
Less amount deferred (note 2)	<u>(25,736.00)</u>
	77,108.00

EXPENDITURES

Loan payments	<u>77,108.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

ASHLAND WATER AND SEWER DISTRICT - SEWER SYSTEM
GRANT NO. 0085

NOTES TO FINANCIAL STATEMENTS

For the period December, 1978 to April, 1982

BACKGROUND

This grant was awarded to aid the district in paying it's Farm Home Administration loan. The original grant of \$ 51,472 was amended to provide loan payments for two additional years. Included in the grant was a provision that provided a \$ 25,735 payment reserve as described in Note 2.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The statements have been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.

2. The district has placed the \$ 25,736 in a two - year certificate of deposit at Cheyenne Western Bank in Ashland. The reserve is recorded as deferred revenue until such time as it is used for laon payments, at which time the portion used will be recognized as revenue.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0103 administered by Ashland Water & Sewer District for the period September, 1979 through May, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0103 for the period September, 1979 through May, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
ASHLAND WATER & SEWER DISTRICT - SEWER REPAIR
GRANT NO. 0103
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period September, 1979 to May, 1981

REVENUE

Montana Coal Board grant	\$ 51,434.55
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EXPENDITURES

Engineering	\$ 10,537.84	
Parts	12,682.43	
Construction repairs	27,119.28	
Legal fees	100.00	
Labor	<u>995.00</u>	
		<u>51,434.55</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an integral part of this statement.

MONTANA COAL BOARD

ASHLAND WATER AND SEWER DISTRICT - SEWER REPAIR
GRANT NO. 0103

NOTES TO FINANCIAL STATEMENT

For the period September, 1979 to May, 1981

BACKGROUND

This grant was awarded to provide the district with funds to repair it's water and sewer lines. The original grant of \$ 101,400 was reduced to reflect the actual cost.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0090 administered by Lame Deer Public Schools for the period February, 1979 through June, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0090 for the period February, 1979 through June, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
LAME DEER PUBLIC SCHOOLS - FEASIBILITY STUDY
GRANT NO. 0090
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period February, 1979 to June, 1979

REVENUE

Montana Coal Board grant	\$ 18,420.00
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EXPENDITURES

Consultant fees	<u>18,420.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

LAME DEER SCHOOL DISTRICT - COMPREHENSIVE PLAN

GRANT NO. 0090

NOTES TO FINANCIAL STATEMENT

For the period February, 1979 to June, 1979

BACKGROUND

This grant was awarded to fund the cost of developing educational and architectural studies to justify high priorities for federal construction funds. The portion of the grant funded by potential federal funding will be returned to the Coal Board.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0078 administered by the city of Hardin for the period August, 1978 through October, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0078 for the period August, 1978 through October, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF HARDIN - CAPITAL EQUIPMENT
GRANT NO. 0078
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period August, 1978 to October, 1979

REVENUE

Montana Coal Board grant	\$ 57,388.00
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EXPENDITURES

Equipment purchases	<u>57,388.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF HARDIN - CAPITAL EQUIPMENT

GRANT NO. 0078

NOTES TO FINANCIAL STATEMENT

For the period August, 1978 to October, 1979

BACKGROUND

This grant was awarded to fund a portion of the cost of purchasing a mobile aerial tower and a street flusher. The city provided an additional \$ 11,106 towards the purchases. The equipment is used to maintain streets, trees, parks, and water tanks.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
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The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0089 administered by the city of Hardin for the period April, 1979 through June, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0089 for the period April, 1979 through June, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF HARDIN - CAPITAL EQUIPMENT
GRANT NO. 0089
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period April, 1979 to June, 1980

REVENUE

Montana Coal Board grant	\$ 15,877.60
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EXPENDITURES

Equipment purchase	<u>15,877.60</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF HARDIN - CAPITAL EQUIPMENT

GRANT NO. 0089

NOTES TO FINANCIAL STATEMENT

For the period April, 1979 to June, 1980

BACKGROUND

This grant was awarded to fund the purchase of a black-topper and to insulate a storage tank. The original grant of \$ 22,000 was decreased to the actual cost of \$ 15,877.60.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
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The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0069 administered by Big Horn County for the period December, 1978 through August, 1979. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0069 for the period December, 1978 through August, 1979, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
BIG HORN COUNTY - COURTHOUSE CONSTRUCTION
GRANT NO. 0069
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1978 to August, 1979

REVENUE

Montana Coal Board grant	\$ 416,000.00
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EXPENDITURES

Construction	<u>416,000.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
----------------------------------	-------------------

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

BIG HORN COUNTY - COURTHOUSE CONSTRUCTION

GRANT NO. 0069

NOTES TO FINANCIAL STATEMENT

For the period December, 1978 to August, 1979

BACKGROUND

This grant was awarded to fund the addition of a city - county consolidated law enforcement agency and the Justice and District courts. The county provided for the additional cost of \$ 672,179.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0083 administered by Big Horn County for the period October, 1978 through April, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0083 for the period October, 1978 through April, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
BIG HORN COUNTY - FIRE EQUIPMENT
GRANT NO. 0083
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period October, 1978 to April, 1980

REVENUE

Montana Coal Board grant	\$ 75,000.00
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EXPENDITURES

Equipment and related supplies	<u>75,000.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

BIGHORN COUNTY - FIRE EQUIPMENT

GRANT NO. 0083

NOTES TO FINANCIAL STATEMENT

For the period October, 1978 to April, 1980

BACKGROUND

This grant was awarded to fund the purchase of two fire trucks and associated equipment for use in rural areas around Hardin and Decker. The county provided the additional cost of \$ 2,409.56.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0100 administered by Big Horn County for the period October, 1979 through March, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0100 for the period October, 1979 through March, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

BIG HORN COUNTY - LAW ENFORCEMENT EQUIPMENT

GRANT NO. 0100

STATEMENT OF REVENUE AND EXPENDITURES

For the period October, 1979 to March, 1980

REVENUE

Montana Coal Board grant	\$ 38,900.00
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EXPENDITURES

Equipment purchases	<u>38,900.00</u>
---------------------	------------------

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

BIG HORN COUNTY - LAW ENFORCEMENT EQUIPMENT

GRANT NO. 0100

NOTES TO FINANCIAL STATEMENT

For the period October, 1979 to March, 1980

BACKGROUND

This grant was awarded to purchase radio equipment enabling communication between law enforcement personnel in Hardin and Decker. The county paid additional costs of \$ 20,576.78.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0136 administered by Big Horn County for the period December, 1980 through April, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0136 for the period December, 1980 through April, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
BIG HORN COUNTY - NURSING HOME
GRANT NO. 0136
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period December, 1980 to July, 1982

REVENUE

Montana Coal Board grant	\$ 250,000.00
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EXPENDITURES

Architectural fees and construction	<u>250,000.00</u>
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Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

BIG HORN COUNTY - NURSING HOME

GRANT NO. 0136

NOTES TO FINANCIAL STATEMENT

For the period December, 1980 to April, 1981

BACKGROUND

This grant was awarded to partially fund the construction of a 36 - bed nursing home in Hardin to accomodate increased population. The county has used the portion of the project funded by the Coal Board. As the construction of the nursing home is not complete, the county's total contribution cannot be determined.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0093 administered by the city of Billings for the period August, 1979 through August, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0093 for the period August, 1979 through August, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF BILLINGS - IMPACT STUDY
GRANT NO. 0093
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period August, 1979 to August, 1980

REVENUE

Montana Coal Board grant	\$ 50,000.00
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EXPENDITURES

Consultant fees	<u>50,000.00</u>
-----------------	------------------

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
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The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD
CITY OF BILLINGS - IMPACT STUDY
GRANT NO. 0093
NOTES TO FINANCIAL STATEMENT
For the period August, 1979 to August, 1980

BACKGROUND

This grant was awarded to fund a study to determine the secondary impact caused by coal development. The study included the city of Billings and it's jurisdictional area.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0094 administered by the city of Laurel for the period June, 1979 through October, 1980. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0094 for the period June, 1979 through October, 1980, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD

CITY OF LAUREL - SEWER LINE CONSTRUCTION AND EQUIPMENT
GRANT NO. 0094
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1979 to October, 1980

REVENUE

Montana Coal Board grant	\$ 231,419.00
--------------------------	---------------

EXPENDITURES

Equipment purchases	\$ 55,136.00	
Engineering fees & construction	<u>176,283.00</u>	
		<u>231,419.00</u>

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
----------------------------------	-------------------

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF LAUREL - SEWER LINE CONSTRUCTION AND EQUIPMENT
GRANT NO. 0094

NOTES TO FINANCIAL STATEMENT

For the period June, 1979 to October, 1980

BACKGROUND

This grant was awarded to partially fund the extension of a sewer main and to purchase a jet washer. The balance of the sewer line construction was paid with local resources. The original grant was reduced by \$ 9,864 to reflect the actual cost of the jet washer.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



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September 20, 1982

The Legislative Audit Committee
of the Montana State Legislature
and
The Montana Coal Board

We have examined the Statement of Revenue and Expenditures of the Montana Coal Board, Grant No. 0115 administered by the city of Red Lodge for the period June, 1980 through August, 1981. Our examination was made in accordance with generally accepted auditing standards, Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the United States General Accounting Office, and Standards for Audit of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the results of operations of the Montana Coal Board Grant No. 0115 for the period June, 1980 through August, 1981, in conformity with generally accepted accounting principles.

Kindred Holland & Co.

KINDRED HOLLAND & CO.
Certified Public Accountants

MONTANA COAL BOARD
CITY OF RED LODGE - COMPREHENSIVE PLAN
GRANT NO. 0115
SPECIAL REVENUE FUND
STATEMENT OF REVENUE AND EXPENDITURES
For the period June, 1980 to August, 1981

REVENUE

Montana Coal Board grant	\$ 7,362.00
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EXPENDITURES

Consultant fees	<u>7,362.00</u>
-----------------	-----------------

Excess Revenue Over Expenditures	<u><u>-0-</u></u>
----------------------------------	-------------------

The accompanying notes to financial statement are an
integral part of this statement.

MONTANA COAL BOARD

CITY OF RED LODGE - COMPREHENSIVE PLAN
GRANT NO. 0115

NOTES TO FINANCIAL STATEMENT

For the period June, 1980 to August, 1981

BACKGROUND

The grant was awarded to fund 42.4% of a project to prepare a growth plan for Red Lodge through the year 2,000. The Farm Home Administration funded the balance of the costs.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting

The statement has been prepared on an accrual basis. Revenues are recorded when they are earned, and expenditures recorded when they are incurred.

b. Fund Classifications

Coal Board Grants have been accounted for as special revenue funds. A special revenue fund is used to account for revenues received from specific taxes or other earmarked revenue sources, to finance particular functions or activities.



AGENCY RESPONSES



DEPARTMENT OF COMMERCE



TED SCHWINDEN, GOVERNOR

1424 9TH AVENUE
CAPITOL STATION

STATE OF MONTANA

(406) 449-3163

HELENA, MONTANA 59620

October 19, 1982

Office of the Legislative Auditor
State Capitol Building
Helena, Montana 59620

Gentlemen:

Attached for your use is the official written response on behalf of the members of the Montana Coal Board relative to the recently completed financial/compliance audit of Coal Board grants. This audit was conducted under contract by Kindred, Holland & Company of Helena, Montana.

The Coal Board would like to take this opportunity to commend Kindred, Holland on their high level of professionalism displayed during their involvement with the Board and their staff during the preparation of this audit.

Sincerely,

A handwritten signature in cursive script that reads "Murdo A. Campbell".

Murdo A. Campbell
Administrative Officer
Montana Coal Board

MAC/djd

Enclosure

RECOMMENDATION #1

We recommend that the Coal Board ensure that all of the potential beneficiaries of a project funded by Coal Board grant funds be aware of the benefits available to them.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #2

We recommend that the Coal Board require that major variations between actual project costs and budgets included in the grant applications be disclosed and explained by the grantee, and that careful thought be given to the propriety of reimbursing costs not included in the budget.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #3

We recommend that the Coal Board enforce its reporting requirements as provided by the grant agreements, and that the board adopt a standard report format which would include financial data and budget comparisons as well as narrative descriptions of the grantees' progress.

The Montana Coal Board concurs with this recommendation. It should be noted that the Board has adopted a standard reporting procedure as the result of the addition of a project evaluator position to their support staff.

RECOMMENDATION #4

We recommend that the Coal Board require recipients to disclose unexpended grant funds with each progress and final report submitted to the board.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #5

We recommend that the Coal Board disburse grant funds only upon receiving and approving actual invoices, receipts or certified contractors' progress reports.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #6

We recommend that the Coal Board add a provision to their standard grant agreement requiring the grant recipient to account for Coal Board funds separately.

The Montana Coal Board concurs with this recommendation and will add this provision to their standard grant agreement when the next regularly scheduled revision is undertaken.

RECOMMENDATION #7

We recommend that the Coal Board implement procedures to obtain assurance that values placed on contributed property and services are fair and accurate at the time the application is reviewed and upon completion of the project.

The Montana Coal Board concurs with this recommendation and will assign their project evaluator to implement required procedures on any future grants.

RECOMMENDATION #8

The Coal Board should obtain an opinion from the Attorney General as to a grantee's obligations to the Board and establish policies for the benefit of the staff and the grantees in the event that an asset acquired with Coal Board funds is to be sold.

The Montana Coal Board concurs with this recommendation but notes that the Board's legal counsel was consulted as a matter of procedure and did not oppose the Board's action.

RECOMMENDATION #9

The Coal Board should request repayment of the unspent grant balance.

The Montana Coal Board concurs with this recommendation and has received the unspent grant balance.

RECOMMENDATION #10

We recommend that the Coal Board request the Ashland Water & Sewer District to provide information regarding its reserve, including balance and the method of investment, on a periodic basis.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #11

The Coal Board should adopt and enforce a policy of not prefunding projects by more than a reasonable time period.

The Montana Coal Board concurs with this recommendation.

RECOMMENDATION #12

We recommend that the Coal Board enforce the requirement that applicants submit copies of bids, or at least a summary of the bids received.

The Montana Coal Board concurs with this recommendation.

GRANTEE RESPONSES



MILES CITY PUBLIC LIBRARY

1 SOUTH TENTH STREET
MILES CITY, MONTANA - 59301

October 9, 1982

Michael W. Holland
Marcia E. Goodell
Kindred Holland & Company
P.O. Box 245
Helena, Montana 59624-0245

Dear Miss Goodell and Mr. Holland:

In looking over your audit of Coal Board Grant 0091 to the Miles City Public Library for microfiche equipment for various libraries in Southeastern Montana and for Washington Library Network membership, I believe it indicates clearly where the grant was used.

However, the one thing I want to comment on is the statement "that the staff of the Miles City Public Library was unaware that the benefits of the membership in the WLN were available to them". I am enclosing a copy of page 1 and Attachment A Scope of Project of the Agreement which the Miles City Public Library entered into with the Coal Board, April 9, 1980. According to the #2 Scope "the sum not to exceed 61,510" was to be given the Parmly Billings Library for WLN membership.

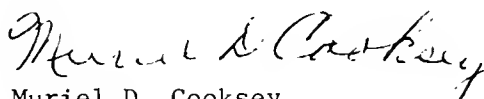
The Miles City Public Library did not have the staff, expertise, equipment nor the assurance of the needed future funding to consider membership at that time.

The Parmly Billings Library did receive the majority of the benefits, but I believe this was the understanding at the outset.

However, your Recommendation #1 to the Coal Board concerning the "awareness of benefits" is a very important one and one which, I hope, the Coal Board will act upon.

I am enclosing the representative letter which you asked that I write. Thank you for sending me the draft of your audit and for inviting my comments.

Very truly yours,


Muriel D. Cooksey
Director

Enc.



PARMLY BILLINGS LIBRARY

Headquarters — South Central Federation of Libraries

October 12, 1982

Mr. Michael W. Holland, CPA
Ms. Marcia E. Goodell, CPA
Kindred, Holland & Co.
Certified Public Accountants
P.O. Box 245
Helena, MT 59624

Dear Mr. Holland, Ms. Goodell:

I have read the draft of your report on the audit of Montana Coal Board grant no. 0091 concerning library equipment for the period April, 1980 to September, 1981. It is accurate and true to the best of my knowledge.

In response to the statement that Parmly Billings Library "appears to have received the majority of the benefits of the grant," I would add the following responses.

1. Because of the grant, Parmly Billings Library's books were made more readily available to all of eastern Montana through its WLN-produced microfiche catalog.
2. Thanks in part to the leadership made possible by the grant, the university system libraries, a private college library, the Montana State Library, and a public library have joined WLN.
3. This chain of events will continue to make books more and more available to eastern Montana, especially when a microfiche catalog of all Montana WLN libraries' books is produced (target date: 1984).

In my opinion, the benefits of this grant will continue to accrue for eastern Montana for many, many years.

Respectfully submitted,

Ellen Newberg
Ellen Newberg
Acting Director

TREASURE COUNTY'S RESPONSE TO AUDIT REPORT OF THE MONTANA COAL BOARD

1. Grant No. 0079 - Comprehensive Plan - \$17,000.00

Recommendation #6 - Treasure County normally accounts for Coal Board funds separately; however, since the accounting was very simple with only one or two bookkeeping entries to be made (one payment was issued to the vendor when the project was completed) it was apparent that transactions and supporting documentation could readily be located and identified. We have no objections to this recommendation.

2. Grant No. 0087 - County Shop Complex - \$389,833.00

Recommendation #3 - Failure to submit the completion report was an oversight by the grantee. A reminder from the Coal Board would be appreciated.

Recommendation #7 - The property purchased for the building was appraised by three responsible businessmen and taxpayers of the county who did not have a conflict of interest to the vendor or the county. The Board members have a responsibility to the taxpayers when spending county funds to select the best service or property at the lowest cost. We believe the judgement of the Board of County Commissioners as to values of contributions by the grantee should be relied upon as fair and accurate.

3. Grant No. 0137 - Capital Equipment - \$35,000.00

No recommendations - No response.

Respectfully submitted,

Kay Rexford

Kay Rexford

County Clerk and Recorder

by: *LaVon Adair*
LaVon Adair, Deputy

City of Forsyth

State of Montana

OFFICE OF: City Clerk

October 12, 1982

Mr. Michael W. Holland
Kindred Holland & Co.
Certified Public Accountants
P.O. Box 245
Helena, MT 59624

Dear Mr. Holland,

In your draft of the Montana Coal Board grant #0126 for the construction of a new City Hall, you stated that "the county provided an additional \$122,733.55 from other resources", when in fact the city provided the additional funds.

Your recommendation #6 states that the city did not submit progress and completion reports as required by the grant agreement. As we received our grant funds on a paid claims basis, progress reports were submitted up to the total amount of the grant but not thereafter, when city funds were expended. Completion did not take place at that time and still has not been totally completed as of this date. We would be glad to submit any and all reports required, if a format or guideline would accompany the grant agreement.

We do feel that our accounting procedures for Coal Board grants is sufficient and proper, as those items are accounted for separately within the department the grant affects. Separate files are kept on each specific project.

I hope these comments will be of future benefit to both the Coal Board and ourselves.

Sincerely,

Daniel D. Watson

Daniel D. Watson
City Clerk
Forsyth, MT

COUNTY OF ROSEBUD
office of
COMMISSIONERS
FORSYTH, MONTANA



Malcolm McRae, Chairman
Henry Stokke, Vice Chairman
Ed McCaffree, Member

October 4, 1982

Kindred Holland & Co.
Certified Public Accountants
555 Fuller Ave.
P.O. Box 245
Helena, Montana
59624-0245

Dear Sirs:

Having reviewed your audit reports concerning Rosebud County Coal Board Grants, we find your report satisfactory.

As mentioned during the audit, there is a balance in the Mental Health Grant of \$4,485.69. We are forwarding to Murdo Campbell a Rosebud County claim for his signature, upon receiving the signed claim we will make payment to the Coal Board the sum mentioned above.

Sincerely,
Rosebud County Commissioners

Malcolm McRae
Henry A. Stokke
Ed McCaffree

EM
RCC/jh

CITY OF HARDIN

OFFICE OF: City Clerk

DATE: October 12, 1982

101 E. 4TH. ST.

HARDIN, MONTANA 59034

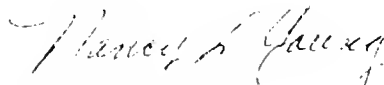
Kindred Holland & Co.
Certified Public Accountants
P.O. Box 245
Helena, Montana 49624

Dear Sirs:

Enclosed please find the representation letter
you requested in your letter of September 29, 1982.

I disagree with the statement that Coal Board grant
funds are not recorded in separate funds because we do
receipt in and disburse from a Coal Board numbered fund
which is 25. However this is included in Special Revenue
Funds which is why I assume that you made this statement.

Sincerely,



Nancy L. Young
City Clerk

City of Laurel

LAUREL, MONTANA 59044

P.O. BOX 10
PHONE: 628-8791

October 4, 1982

OFFICE OF THE MAYOR
DEPARTMENT

Kindred Holland & Co.
Certified Public Accountants
555 Fuller Avenue
P. O. Box 245
Helena, MT. 59624-0245

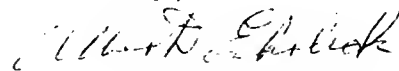
Dear Sirs:

This is in response to your audit of Coal Board Grant
No. 0094.

The City did record revenues and expenditures in the Sewer
Fund, because with our computer system and line item budgeting,
it is easy to analyze and summarize the Coal Board activity.

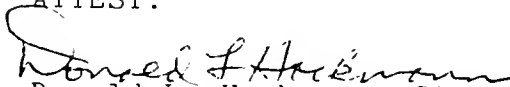
However, if there are any Coal Board Grants awarded to us
in the future, we will implement your recommendation and set
up a separate Coal Board Grant Fund.

Sincerely,



Albert Ehrlick, Mayor

ATTEST:


Donald L. Hackmann, City Clerk

AE/DLH/pj



